

Rice University Report of the President 1976







From the President

This report is about people, and the reasons for this are only too obvious. Ours is a highly personal enterprise. If Rice is a uniquely fine place to spend four or more years of one's life, it is not because of subjects taught, books available, or degrees offered. It is because of Rice people. They make this a splendid place to study, to acquire habits, to refine the skills of the mind, to discipline the imagination with experience.

In no year past have people done so much, given so much, that this university might maintain economic stability. On June 30, 1976, Rice looks very good on paper. Rice stands in one of the nation's truly dynamic cities with an adequate endowment, a fine faculty, and students with uncommon potential for achievement. Rice has concerned and generous alumni who continue to distinguish themselves, and by association the university, in every endeavor imaginable. Rice's independence is secure. The budget is balanced.

The Rice class of 1976 is a typically good one. It was principally two members of the class who breathed life into the idea of a university-wide convocation this year. The convocation was an extraordinary gathering. Rice had had none for almost a decade.

In the class of '76 also are Rice's first woman NROTC graduate and a Watson fellow, Rice's eleventh in six years. And one gentleman attended the May 8 Commencement Exercise to receive no less than three diplomas, one PhD and two master's degrees.

The undergraduate class which entered Rice last August made news by virtue its having a proportion of National Merit scholars larger than that in any other freshman class in the nation. Entering graduate students were of outstanding quality also. Rice has great reason to be proud of all who are studying and carrying on research here today.

As the year began well, it ended well too; the job market was more accommodating to Rice graduates — at all levels — than anticipated. After polling colleges and universities in the Houston area, the local news media concluded that Rice alone enjoyed an increase in the number of companies interviewing on campus.

Publicity generated by the scholarship of our freshmen or the demand for our graduates, however, could not rival that which grew from "Rice Institute of Technology" being mentioned as a beneficiary in one of the several wills alleged to be that of former Rice student Howard Hughes. Visions of scholarships danced in our heads, briefly. However, the chances of Rice receiving any of the late Mr. Hughes's financial fortune are quite remote.

Far and away the 1976 event of most financial consequence to Rice was the commencement of the Brown Foundation matching funds challenge, announced in April. The challenge constitutes an unprecedented opportunity, with a potential value to Rice of over \$40 million during the coming decade.

The first year of the development campaign is crucial because it sets the tempo for the project and, once set, it is difficult to change. We began the Brown challenge with only seven months remaining in the first year, so Rice is most fortunate to have had the most successful annual fund drive in its history during fiscal 1975-76. The chance of our meeting the first year's goal and thus qualifying for \$1,325,000 in Brown Foundation matching funds would have been slight if this were not the case.

The importance of our meeting the challenge's financial goals each year can hardly be overemphasized. If we are to maintain the university at a level of real distinction, we must begin now to summon great energy and to tap new resources. The opportunity is here, but Rice will profit only to the extent that all of us — governors, administrators, faculty, alumni, parents of students, corporations, foundations, and other Rice friends — seize it, matching the Browns' commitment and generosity with our own.

This largest single grant in Rice history was made by the Brown Foundation as it marked the twenty-fifth anniversary of its establishment by Mr. and Mrs. George R. Brown and Mr. and Mrs. Herman Brown. It ranks as one of the truly great gifts in the history of American higher education, and it places the greatness of Rice's future squarely in our hands today.

The Brown challenge has transformed the coming decade into one of even greater importance than anticipated. The appointment of a

distinguished accounting educator to fill the dean's chair in the Jesse H. Jones Graduate School of Administration indicates that the coming decade will see an entirely new dimension added to the university. The deanship of Rice's newest academic and administrative unit was awarded to Dr. Robert R. Sterling, Jesse H. Jones Professor of Management and professor of accounting. His appointment is a major step along the road toward the official opening of the school, now scheduled for fall 1978.

Interest in the Jones School suggests that it will satisfy educational needs long recognized but unfilled in our region. The probability that the school will quickly take a place among the nation's most respected graduate schools appears excellent.

As the Jones School progressed through its formative stages, the athletic department began some reorganization with the arrival of Head Football Coach Homer Rice, appointed in January. Mr. Rice brings to our university a record of accomplishment as teacher, author, coach, and athletic director. After only six months his positive effect on our program is very evident. I have confidence that this will continue.

Along with the good fortune that has come to Rice this year, some bad has come also. Rains fell for hours here on June 15 and severely flooded the campus. Estimates of the damage total \$300,000. Hardest hit was the Rice Memorial Center, where four feet of water completely submerged the bar in Willy's Pub, much of the station equipment in KTRU-FM, the bookstore, band hall, and equipment room.

Power ceased at Rice at 5:00 P.M. sharp that Tuesday, and in some areas it was not restored for several days. The telephone system and some elevators, all maintained by non-staff personnel, remained unrepaired two weeks after the flood.

I have included a more complete report of these and other important events during 1975-76 on the following pages.

It falls to me here in my introduction to record the deaths this spring of two most beloved people, Emmett A. Brunson and Radoslav A. Tsanoff.

Emmett Brunson, a native Houstonian, came to Rice in 1925 as a freshman, and during his undergraduate years had won several Southwest Conference track titles. He left the university for a brief period after graduation, but returned in 1934 to become coach of the track and field team. As coach, he was instrumental in the development of a program of the very highest caliber. He excelled also in the office of business manager for athletics during part of his thirty-six year career at the university.

Radoslav Tsanoff, a native of Sofia, Bulgaria, a student in Constantinople, came to the United States in 1903. He took degrees at Oberlin and Cornell before his arrival at Rice in 1914 as the Institute's first philosopher. His career as teacher, scholar, and friend of Rice spanned sixty years when, as Carolyn and Fred McManis Professor of Philosophy, he retired in 1973. While here he helped found the Rice Chapter of Phi Beta Kappa and the Houston Philosophical Society. He authored or contributed to fifteen books, was a patron of the fine arts and, as is written on the Rice University Medal of Honor presented him in 1962, was "a champion of the moral foundations of the spiritual life of man." With his wife, the late Corrinne Stephenson Tsanoff, he welcomed generations of Rice students into the Tsanoff home. Hundreds of his friends and former students returned to Rice in 1970 to witness his acceptance of the Association of Rice Alumni Gold Medal for Distinguished Service. Dr. and Mrs. Tsanoff enjoyed a sixty-four year marriage before they died this spring in Austin within two months of one another. The quality and the length of their service to Rice may never be surpassed.

As we enter into one of the most challenging decades in all Rice history, we will do well to remember the commitment to high purpose which so characterized the lives of Coach Brunson and Dr. Tsanoff. Rice continues to this day to enjoy the standing which by achievements they and others with them earned. No common measure of diligence and dedication will maintain this standing in the future.

Norman Hackerman
President, Rice University



George R. Brown



President Norman Hackerman



The Year's Highlights

The Schools: A Dedication, New Deans, and an Inaugural Concert. The university continued to explore the potential for broadening the offerings of its professional schools — the George R. Brown School of Engineering, the Jesse H. Jones Graduate School of Administration, and the Shepherd School of Music.

Significantly, the university's convocation in February ended with the consensus that "professional education has a definite place" in Rice's undergraduate curriculum, while adding also that "those responsible for the organization of professional programs should encourage students to enroll in appropriate liberal arts courses."

Against this background, the dedication of the George R. Brown School of Engineering, on November 12, 1975, is one of the major events of the year under review. The ceremony was viewed as more than a tribute to Mr. George Brown '20, and his dedicated support of and service to the university. It was, in fact, a rededication, to Rice's continuing standards of excellence in engineering education and professionalism.

Earlier in the year, Dr. Alan J. Chapman, a distinguished Rice alumnus of the class of 1945 and an engineering practitioner and educator with a national reputation, had been named dean of the school. Dr. Chapman's appointment stressed the renewal of Rice's traditional commitment to innovative and effective engineering research backed by superior teaching.

The Jesse H. Jones Graduate School of Administration began operations during the year under its first dean, Dr. Robert R. Sterling, an internationally known accountant and educator.

Following the formal establishment of the Department of Accounting, an integral part of the Jones School, the university awarded fifty-three Master of Accounting degrees at the 1976 Commencement.

Dean Sterling continued his search for additional faculty for the Jones School in order to prepare for the first class of candidates for the master's degree.

The year also saw the start of instruction at the Shepherd School of Music under Dean Samuel Jones. The school's formal opening was marked by an inaugural concert September 19, 1975, in which Dr. Jones conducted the Houston

Symphony. This event was followed September 21 by the debut concert of the Shepherd Quartet. The school offers a unique and comprehensive curriculum for careers in symphony orchestras.

Endowed Chairs to Warne, Newport; Cameron Chair Established. Two important endowed professorships were filled during the year. Dr. John E. Warne, an oceanographer and professor of geology, became the first W. Maurice Ewing Professor of Oceanography. The Ewing Chair honors the memory of the famed geophysicist-oceanographer who received his bachelor's, master's, and Ph.D. degrees from Rice between 1926 and 1931. The late Dr. Ewing was well acquainted with Dr. Warne's underwater research in various parts of the world.

Dr. John P. Newport, one of the outstanding theologians and teachers in the Southwest, was appointed this year to the newly created Harry and Hazel Chavanne Chair of Religious Studies. The university named the new professorship to honor the Chavannes (Harry Chavanne '33) whose \$500,000 gift made establishment of the professorship possible. Dr. Newport, a widely published author, had served at Rice as visiting professor of religious studies in the fall of 1971 and again during the 1972-73 academic year.

This year also the Harry S. Cameron Chair in Mechanical Engineering was established, funded through a \$1 million gift from the Harry S. and Isabel C. Cameron Foundation. This professorship honors the memory of the late founder of the Cameron Iron Works. It brings to thirty-three the number of endowed chairs at Rice.

Fifteen Faculty Receive Promotions. Fifteen faculty members were promoted during the 1975-76 academic year. The promotions included these ten to the rank of full professor:

Katherine Tsanoff Brown '38, Neil Havens '56, and David G. Parsons, all in the fine arts department; Drs. Walter W. Isle and Robert L. Patten, both in the English department; Dr. Hugh R. Anderson, space physics and astronomy; Dr. John Hempel, mathematics; Dr. Francis L. Loewenheim, history; Dr. Richard A. Tapia, mathematical sciences, and Dr. Arne Troelstra, electrical engineering.

Promoted to the rank of associate professor





Katherine Tsanoff Brown



Alan Chapman



Homer Rice

David Walraven

John Anderson
Baker College
Senior, History

"It's hard really to assess the impact that the 1976 Convocation had on the university community. For me, personally, involvement in the planning and implementation of the program is the highlight of not only this year but of my entire four years at Rice.

"I remember a remark Dr. Garside made once to the effect that a university is not altogether different from a road to Athens. What should one be doing on a road to Athens? you ask. The answer is that the road to Athens is a good place for conversation.

"Conversation is just what the Convocation Committee sought to stimulate. Many people here are concerned over the trend toward professionalism in the undergraduate program. Worse, they have felt cut off from discussion and decision-making. The convocation I think succeeded in articulating these concerns."

were James B. Blue, fine arts, and Dr. Kenneth W. Kennedy '67, mathematical sciences. Drs. Terrence A. Doody, English, and Raymond J. Talbot, space physics and astronomy, were promoted to associate professor for a three-year term. Dr. Robert D. Rundel becomes adjunct associate professor of space physics and astronomy.

Top Honor Goes to Burrus. Since their establishment in 1967, the George R. Brown Awards recognizing outstanding achievements in teaching at Rice have continued to draw attention to this very important aspect of the university. For the 1975-76 academic year, the annual George R. Brown \$4,000 Prize for Excellence in Teaching was awarded to Dr. C. Sidney Burrus '58, professor of electrical engineering and master of Lovett College.

The six annual \$1,000 George R. Brown Awards for Superior Teaching went to Dean Alan J. Chapman '45, professor of mechanical engineering; Dr. Gilbert M. Cuthbertson, associate professor of political science; Dr. Harry A. Deans '53, professor of chemical engineering; Dr. Charles Garside, Jr., associate professor of history; Dr. William C. Martin, associate professor of sociology; and Dr. David Minter, professor of English and master of Baker College.

Five of the seven were also winners in either or both of the past two years. Burrus earned an award for Superior Teaching in 1969, 1974, and 1975. The Brown Prize for Excellence in Teaching went in 1974 to Dr. Deans and in 1975 to Dr. Martin, who had received an Award for Superior Teaching in 1974. Dr. Garside received a Brown Award for Superior Teaching in 1974 and 1975, Dr. Cuthbertson in 1975.

Faculty Receive International Honors. Among the many other honors which came to faculty members during the year were two prestigious awards from France and one each from Germany and Italy. Dr. Virgil W. Topazio, dean of Humanities and Social Sciences, was named Officier dans l'Ordre des Palmes Académiques, and Dr. Madeleine R. Raaphorst, who chairs the Department of French and Italian, was named Chevalier in the same Ordre. Both were honored for contributions to the advancement and dis-

semination of French culture in the United States.

Dr. John R. Rath, Mary Gibbs Jones Professor of History, was elected foreign corresponding member of the Historical Commission for the Venetian Provinces in Italy, an honor recognizing his previous contributions to Austrian History. Dr. Rath is founder and editor of the *Austrian History Yearbook* and a member of the Austrian National Academy of Sciences. In addition, Dr. Rath is the new president of the six-state Southwestern Social Sciences Association.

Dr. Frederick D. Rossini, professor emeritus of chemistry, was awarded Germany's Carl Engler Medal in recognition of his outstanding contributions to petroleum research over the past several decades.

Dr. William E. Gordon, dean of the School of Natural Sciences, was this year elected vice-president of the International Scientific Radio Union in addition to being elected to the board of trustees and the executive committee of the University Corporation for Atmospheric Research.

Four Rice faculty members received Alfred P. Sloan Fellowships during the year: Drs. W. Edward Billups and Paul S. Engel, associate professors of chemistry; Dr. F. Reese Harvey, professor of mathematics; and Dr. Frank B. Dunning, assistant professor of space physics and astronomy.

Also during the year, Dr. Alexander J. Dessler, professor of space physics and astronomy and manager of campus business affairs, was appointed president of the Universities Space Research Association.

President Norman Hackerman was elected to a second two-year term as chairman of the National Science Board, the governing arm of the National Science Foundation. He is currently in his second six-year term as a member of the board.

Over \$5 Million in Grants Awarded. Rice faculty members continued their high rate of success in obtaining research funds from government and private sources during the year.

Faculty members in the science, engineering, and humanities divisions submitted 293 proposals to potential funding sources during the year. A total of 139 grants and contracts amounting to \$5,562,321 in new funds were awarded during the same period.

At the end of this academic year, 240 grants



Jean Cackowski



Sol Spiegelman



Ada Louise Huxtable



Richard M. Cyert

and contracts were active on campus.

Fondren Collection Nears a Million Volumes. In October 1975 Fondren Library entered a new phase of operation, introducing a computer assisted system for ordering and receiving library materials. This development eliminated most manual operations through the use of Datapoint 5500 computer for data entry and storage and the IBM 370 at Rice's Institute for Computer Services and Applications for major processing operations.

Other applications have been implemented and changes in existing applications were instituted to provide better control and to enhance the library's operation.

Rice's library collection continues to be good, despite increasing restraints on purchasing power. Added to the collection last year were 19,400 new titles, including over 1,000 for the developing Shepherd School of Music curriculum. Additions to serial runs and sets as well as documents and reports brought the serial volumes-added count to 41,555, making the fiscal year end count 917,432. The net addition of 18,115 microforms brought the total to 937,849.

The music library this year experienced new activity and reorganization, and an extensive reserve collection was opened to support the music school's offerings.

The art library saw utilization of its facility increase by over 40 percent during this period. With space for books and readers now hard to find, plans for an art and architecture library within Fondren have been made, but await adequate funding.

New Football Coach Takes Over. The appointment of Homer Rice as the university's head football coach was the most significant athletic event of the year.

Mr. Rice's record of accomplishment is outstanding. A native of Kentucky, he graduated from Centre College and Eastern Kentucky University. As a high school coach from 1951 through 1961 his football teams compiled a record of 101 wins, 9 losses, and 7 ties. He coached collegiate football at Kentucky, Oklahoma, and Cincinnati before becoming athletic director at North Carolina in 1969.

Two Firsts at the Sixty-third Commencement.

The 1976 Commencement featured two "firsts" for Rice. Jean M. Cackowski became the first woman ensign to be commissioned from Rice's Naval Reserve Officers' Training Corps Unit. She graduated with a Bachelor of Arts degree in May after majoring in biochemistry. Ms. Cackowski was on the President's Honor Roll for all eight semesters of her studies at Rice and was chosen an Arthur B. Cohn Scholar and member of Phi Lambda Upsilon, an honorary chemical society.

Also at the May 8 Commencement was David Walraven, the first Rice graduate to receive three advanced degrees simultaneously. Walraven received a doctorate in space physics and astronomy, a master's degree in the same discipline, and a master's degree in geology.

It was Dr. Walraven's pioneering study of telemetry from Rice University balloon-borne experiments that proved the presence of nuclear radiation at the center of our galaxy.

Number, Popularity of Public Lectures Increases. Community interest continued in the university's traditional series of public lectures, including the President's Lectures and the Brown Foundation-J. Newton Rayzor Lectures. Speakers and their subjects included Dr. Richard M. Cyert, president of Carnegie-Mellon University, "Some Simple Truths About The Economy"; Dr. Sol Spiegelman, director of the Institute of Cancer Research and professor of human genetics and development, College of Physicians and Surgeons, Columbia University, "Molecular Evidence for Viral Agents in Human Cancer"; Mrs. Ada Louise Huxtable, architecture critic of the *New York Times* and member of its editorial board, "The City: The Impossible Dream"; Mr. Harry Bridges, then president of Shell Oil Company, "Some Thoughts on America's Future."

The university also opened to the public a number of topical seminars presented by the campus-based Energy Research and Education Foundation (EREF). The series focused on efforts by the science and technology components within industry, government, and the academic world to make the United States energy self-



Loretta Mauldin
Brown College
Junior, Chemical Engineering

"Classroom education is very important, but there's lots more to this university than going to classes, studying, and making 1s. That is why I think it is important that we develop more college-to-college activities, and provide more and different opportunities for social interaction. Willy's Pub has done a lot for us all. People who might not go to parties or other planned, organized activities — or even visit around the colleges — are now stopping by the pub for a beer after going to the library. I have met people there that I've never seen at any other campus activity except classes."



The Rice Players' production of *The Visit*

Frank Vandiver and Vice Hon. Arabella Greaves



Jaqueline Gibson
Jones College
Freshman, Accounting

"I decided to come to Rice because I knew it would be a challenge, and I found out quickly that the sort of study that they get me through high school wouldn't do it here. So I learned discipline and how to schedule my time. Being in college is an advantage because you can study with other students and stay up as late as I need to. If I need help it's usually just down the hall."

sufficient. The subjects covered ranged from the latest in laser applications to the challenges of harnessing solar energy.

Also concerned with the nation's energy problem was a talk delivered on campus last February by Lieutenant Governor of Texas William P. Hobby '53. He addressed the tenth annual meeting of the four-state South-Central Section of the Geological Society of America. Four hundred geologists from Texas, Arkansas, Oklahoma, and Kansas attended the event.

Ties with Houston and Houston-area communities were enhanced still further by a wide range of lectures and presentations in more specialized areas that were available to the public free of charge. The latter included the fifth annual W.V. Houston Memorial Lecture delivered by Dr. Freeman Dyson, a distinguished physicist from the Institute for Advanced Study, Princeton, New Jersey. The lecture series honors the memory of Rice's second president. Nobel Laureate Dr. Hannes Alfvén of the Royal Institute, Stockholm, Sweden, made a return visit to the campus this year through the efforts of the Department of Space Physics and Astronomy.

Chief executive officers of many Houston businesses joined faculty and staff for three President's Executive Luncheons during the year. Designed to further university-business relationships, they were addressed by members of the faculty, with excellent response. Faculty speakers were Professors Charles F. Doran, political science; George J. Schroepfer, biochemistry and chemistry; and William C. Martin, sociology. Attendance averaged 110.

Players Premiere Three for Texas. The university's outreach into the community included some excellent productions by the Rice Players presented in Hamman Hall.

The 1975-76 season was distinguished by its international scope and the fact that some plays were made available to theatergoers in this part of the country for the first time.

Most acclaimed were "The Visit," by the Swiss playwright Friedrich Dürrematt, and "Jumpers," by Britain's Tom Stoppard. "The Maids," by France's Jean Genet, was another premiere production for Texas. The players also presented "Out at Sea," by the modern Polish writer

Slawomir Mrozek, and "The Effect of Gamma Rays on Man-in-the-Moon Marigolds," by the American author Paul Zindel.

First Summer Session Draws Seventy-four.

Among the innovations offered during the 1975-76 academic year was the university's summer school for undergraduates. It was a pilot session, presenting courses in astronomy, English, computer sciences, psychology, political science, philosophy, and music. Seventy-four students enrolled in one or more of the eight courses offered.

Conceived as a self-supporting program to provide additional educational options for students and to utilize the campus more fully during the summer, the courses attracted not only Rice students but qualified undergraduates from other institutions. Because of its success, the program will be continued as an experiment for two more years to determine if Rice should make summer education a part of its regular offerings.

Fulbright Scholars Visit Campus. In April 1976 the university helped mark the 30th anniversary of the Fulbright Act which established the U.S. Board of Foreign Scholarships and its programs of international educational exchanges. These provisions were broadened through the Fulbright-Hayes Act of 1961. Under both acts more than 45,000 Americans and 70,000 representatives of other countries have been able to participate in educational exchanges.

Dr. Frank E. Vandiver, provost and vice president, welcomed two distinguished former participants in the Fulbright programs to the campus: The Hon. Arabella R. Greaves, assistant minister for planning and development in the Ministry of Health and Social welfare of Liberia, and Fernando de Szyszlo, a Peruvian painter and one of the best known artists in Latin America. In their days on campus both visitors were made available for meetings with faculty and students.

Alumni Institute Sets Mark for Enrollment.

The Alumni Association-sponsored Rice Alumni Institute expanded its offerings this year to attract the largest enrollment in its history. Two complete programs were offered, one in the fall and one in the spring.



NBC's Carole Simpson addressed students at Baker College



Paul Cloutier

The first Alumni Institute, with courses running between September and November 1975, presented courses with a bicentennial flair, covering aspects of American art and various periods and aspects of United States history. Under the general banner, "The Melting Plot: Shaping National Traditions," lectures were presented at Rice and at a suburban location, and enrollment totalled 235.

The spring Institute was presented during February and March 1976 and comprised two lecture series covering topics in science and culture. Enrollment in this second Institute totalled 297.

The Rice Alumni Institute follows a tradition established by the Association of Rice Alumni over the previous six years. The chairperson for the 1975-76 programs was Helen Saba Worden '38.

Continuing Education Programs Popular. In 1975-76 the Rice Office of Continuing Studies expanded and diversified its services to the university and the community. Courses in sciences, arts, and humanities were offered to the public. New courses such as modern dance, wood sculpture, and underwater environmental awareness supplemented technical short courses. O.C.S. sponsored a six-week Literary Summer in Great Britain, led by Dr. Alan Grob, professor of English, and helped plan and administer a program for twenty-five visiting students from Saudi Arabia. Plans are underway for more educational trips and classes abroad in 1976-77.

"Interpreting America," Rice's program of twenty mini-courses for the U.S. bicentennial, offered an array of fascinating, thought-provoking meetings, lectures, films, concerts, and performances. Underwritten by Houston National Bank, the program attracted seven hundred enrollments in its spring and summer sessions.

Union Warship *Hatteras* Discovered Off Galveston. Few Rice-based events of last year drew as much national, regional, and local attention as the discovery of the wreck of the Union warship *Hatteras* by Dr. Paul A. Cloutier and his associates twenty miles off Galveston Island.

Dr. Cloutier, associate professor of space physics and astronomy, received his doctorate in space science from Rice. He combined his hobby

of scuba diving with his professional interest in magnetometers to locate the *Hatteras*, which has been at the bottom of the Gulf of Mexico since losing a nocturnal battle with the famous Confederate raider *Alabama* on January 11, 1863.

Rice Provost and Vice President Frank E. Vandiver, a Civil War specialist and internationally recognized military historian, authenticated the find.

Jeff Davis Papers, Volume II, Completed. Volume II of the *Papers of Jefferson Davis* became generally available during the year. The second of 20 projected volumes of correspondence and other documents relating to the president of the Confederacy has been edited and annotated in the offices of the Jefferson Davis Association with headquarters on campus. The volume covers Davis's life from the summer of 1841 to the summer of 1846 and reflects his career as a young Mississippi politician and congressman.

In May 1976 the Mississippi Historical Society passed a resolution of commendation covering Rice and the Louisiana State University "for sponsorship and publication of the Papers of Jefferson Davis."

Rice Historical Commission Begins Work. The Rice University Historical Commission was established during the year and headed by H. Malcolm Lovett '21, former chairman of the Board of Governors. Serving with him as vice chairmen of the commission are two other alumni, Ray Watkin Hoagland '36 and Willoughby C. Williams '39.

Dr. Katherine Fischer Drew '44, chairman of the university's History Department, was chosen as project director.

The new commission is seeking \$20,000 per year for three years to hire a professional staff and gather material for a history of Rice that takes up where *William Marsh Rice and His Institute*, published in 1972, left off.

Rice Hotel Sold, Reopened. The Rice Hotel was sold during the year to Rittenhouse Capital Corporation. The new owners have reopened the Houston landmark as the Rice Rittenhouse Hotel upon completion of the first phase of a three-part renovation program.



Ed Pierce
Sid Richardson College
Junior, Electrical Engineering

"I really felt that I was missing out on a big part of education because I had taken no position of leadership at Rice. So, just before election time this year, I decided to run for president of the Rice Program Council. Somewhat to my surprise, I was elected. The big challenge now is for the RPC to address its activities to the university-wide student body, cutting across college boundaries.

"The college system helps a lot of students overcome social obstacles and work their way into Rice, but at the same time it inhibits some students from interacting with people in other colleges. I'm hoping that RPC activities can draw people out into the larger community."

M&A

RICE

U&N



Student Activities



Ronald Berman

Concern About 'Professionalism' Voiced at Convocation. There was a generally serious but positive attitude among the 2600 undergraduates last year. Though the majority of Rice students continue to push hard for grades and remain concerned about future jobs and admission to graduate or professional schools, some of them also want to make Rice a more enjoyable place and are concerned with the processes as well as the formal subject matter of Rice education. They reject the stereotype of Rice as primarily for grade-grubbers and are willing to do something themselves to effect a change. The most notable expression of this concern was Convocation '76.

Initiated by students and planned by a committee of students, faculty, and alumni under the leadership of the two vice-presidents of the Student Association, the convocation took for its theme, *Undergraduate Education at Rice: Where Are We Going?* Though some students used the day of cancelled classes to go to the beach or to catch up on reading, several hundred attended the meetings, which were spread over three days in February. Costs of the convocation were covered by donations from the colleges, the Student Association, and an alumna.

Following the opening address by Dr. Ronald Berman, chairman of the National Endowment for the Humanities, two panels of invited speakers and more than a dozen workshops in the eight colleges explored the various meanings and uses of professionalism in relation to the goals of undergraduate education at Rice. A convocation report summarizing the discussions in the various workshops was distributed to participants in the closing assembly and subsequently was shared with the whole campus community. Action is now being taken on several recommendations from the workshops, including the improvement of freshman and sophomore advising and the restructuring, where necessary, of introductory courses to better meet the interests of non majors as well as potential majors. The convocation report concluded that a broadly based profession-oriented education should continue to be an important option open to Rice students, but that all undergraduates should also be encouraged to enroll in a range of appropriate liberal arts courses.

Willy's Pub is Bringing People Together. The financial and social success story of the campus this year was Willy's Pub. Housed in the basement of the Rice Memorial Center where it offers beer, soft drinks, and snacks, the pub has become the favorite informal meeting place of students, faculty, and staff in the late afternoon and evening. Members from the various colleges congregate there; on-campus students meet with those who reside off campus.

The pub paid its own costs during the year and in addition contributed to other student activities. A portion of the profits from the first year of operation was channeled to offset costs of the gymnasium's being open longer hours, while other funds helped defray costs of the convocation.

Some remodeling at Willy's was planned for the summer months, but nothing on the order of that made necessary by the June 15 rains. Even with staff and students working with sub-pumps around the clock, it was days before the RMC basement was free of standing water. Flood damage was severe. Estimates on the remodeling and refurbishing of the pub to make it ready for an October opening run about \$50,000.

Renovation Completed in Four Colleges; Fire Damages One. The demand to live on campus in the colleges continued to exceed available space this year, in spite of the necessity for raising the room and board charges. Returning students in late August were pleased with the renovation of rooms in the older portions of Baker, Hanszen, and Will Rice, and with the complete rebuilding of the Wiess commons, all of which were carried out during the summer months of 1975.

Members of Hanszen College unfortunately also came back to find their commons destroyed to the foundation by an accidental fire. During the fall the master and members of the college worked with architects and the university administration on a new design which would provide space better suited to the needs of the college. Construction on the new commons began in February with the promise every effort would be made to complete the work for the beginning of the current academic year. In the meantime, with the cooperation of the Student Association, the Rice Program Council, and the management



Beverly Allen
Baker College
Junior, Sociology/English

"Sometimes people ask me what I plan to do with my college education. What they don't realize is that I am 'doing' with it what I will always do with it: I am experiencing a few years of intense and diverse physical and mental expansion. I am changing. And I love it.

"Thinking of this past year my head is jumbled with images — of hanging around the commons; of sweating at the gym; and sweating over exams and papers; of silly pranks like sneaking into Dr. Hackerman's swimming pool; of the Shakespearean Feast; of sharing good times and sad times.

"When I chose Rice I had no criteria for choosing, except that it 'sounded' like a nice place. I had never seen the campus, I knew only that it was a good school in the middle of a big city with a warm climate. I feel very lucky."



Willy's Pub



Volleyball: a campus favorite



Paul Guillory
Wiess College
Senior, Managerial Studies,
Economics

"Experiences in the classrooms have been challenging, but I've benefitted more than anything from experiences growing out of my having lived on campus. Rice has such diversity in the types of people, and I've learned a lot watching and interacting with them. It's helped me to develop as an individual.

"As I leave Rice, though, I think that it has done little to enhance my cultural growth as a black. Both Rice and the black students would benefit from the black students having more input."

of the Rice Memorial Center, the Grand Hall of the RMC (temporarily renamed Hanszen North) became for one year the Hanszen Commons.

Student Services Expanded in Several Important Areas. Student services were extended in two areas during the year. Established through the efforts of the Student Association, the Lawyers Advisory Group, composed of a group of Houston attorneys, began offering Rice students initial legal advice without charge. In cases involving more extended assistance or representation, students are given the names of two other attorneys to whom they may choose to carry their problems on a fee basis.

The Foreign Student Loan Fund, made possible through a gift to the university by a local Presbyterian church, is used for short term emergency loans to foreign students by arrangement with the director of student activities, who also serves as advisor to foreign students.

The Academic Assurance Program, which involved peer counseling of black freshmen by upperclass black students, was conducted during the past spring for the second time. Funded by the Committee on Undergraduate Teaching, the program has been limited to black students, but if repeated during the 1976-77 academic year, it would include other minority groups as well.

Growth in Graduate Enrollment Slows. Enrollment in Rice's program of graduate studies continued its slight upward trend during the year.

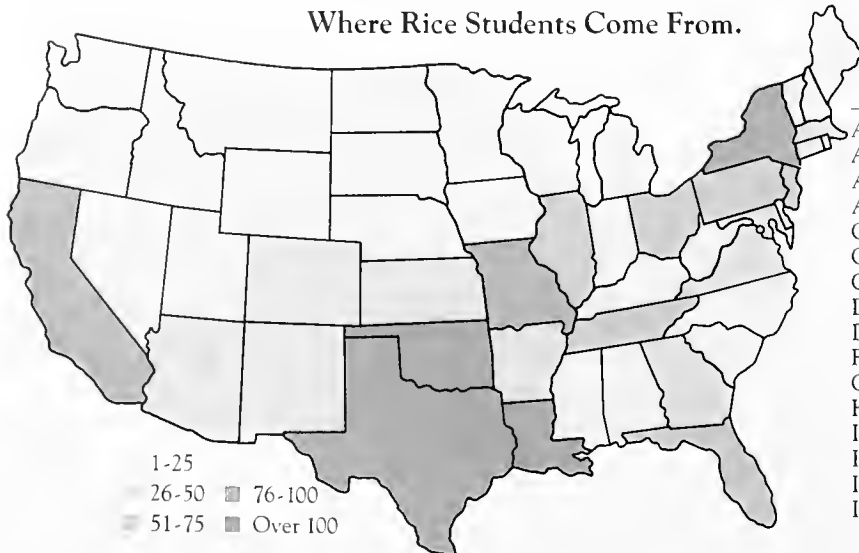
Graduate students continued to play a significant role in the university's research and teaching efforts. In the period under review, there were 828 Class I graduate students enrolled at Rice compared to 801 during 1974-75. Their disciplines were almost equally divided between the humanities and science-engineering areas. Of the total — 604 men and 224 women — there were 748 full-time and 80 part-time graduate students; 156 were foreign nationals. In addition, there were 66 students enrolled in the fifth year professional master's degree programs in engineering.

More than half of the full-time graduate students received some type of financial support from the university, private foundations, externally funded research grants and contracts, or from government agencies.

A total of 317 advanced degrees were awarded at the 1976 Commencement: 73 Ph.D.; 72 Master of Arts; 27 Master of Science; 24 Master of Architecture; 7 Master of Architecture in Urban Design; 2 Master in Applied Mathematical Sciences; 52 Master of Accounting; and 60 professional master's degrees in various fields of engineering. Professional master's degrees are now offered in 10 of the 28 graduate programs available at Rice.

The number of postdoctoral fellows and research associates participating in research with faculty and students varied between 85 and 100 throughout the year. All of them received their support from external sources.

Where Rice Students Come From.



	Alumni	Students		Alumni	Students
Ala	103	22	Kans	60	31
Alask	18	6	Ky	64	17
Az	106	34	La	455	109
Ark	99	34	Me	11	3
Cal	1,089	77	Md	177	27
Col	197	28	Mass	157	41
Conn	146	26	Mich	115	7
Del	45	5	Minn	58	8
DC	87	7	Miss	81	22
Fla	227	75	Mo	174	79
Ga	139	33	Mont	18	5
Ha	27	6	Neb	27	18
Id	13	4	Nev	13	2
Ill	236	71	NH	17	2
Ind	70	25	NJ	182	53
Iowa	40	9	NM	173	40
			NY	367	113
			NC	127	9
			ND	8	1
			Ohio	180	66
			Okla	253	108
			Ore	67	4
			Penn	197	69
			RI	24	3
			SC	45	15
			SD	10	2
			Tenn	175	53
			Tex	12,660	1,857
			Utah	33	5
			Vt	12	2
			Va	299	44
			Wash	111	11
			WVa	35	3
			Wis	60	22
			Wyo	13	4
			Canada	76	11
			Mex	56	23
			Puerto Rico	15	11
			Other		
			Countries	325	230

Alumni Activities



James Hargrove, Jr.

Rice cannot pretend to take credit for the accomplishments of its alumni. Yet, if we are to assert that Rice is an exceptional place to study, then it is our alumni who give substantiation to our claim. Year after year, Rice alumni of all ages and in all professions distinguish themselves and, indirectly but unquestionably, their alma mater.

Architects to Preside Over Peers. Jack McGinty '56 served this year as first vice-president and president-elect of the American Institute of Architects (AIA). A partner in the McGinty Partnerships, Architects, he will be the first Texan to serve as the AIA's president, in a term that will begin on January 1, 1977. He and his wife, Juanita Jones McGinty '56, live in Houston with their two children.

Fellow architect Morton L. Levy, Jr. '55, completing a stint as the president of the Houston chapter of the AIA, has been elected vice-president of the Texas Society of Architects.

Psychiatrist Elected Gerontological Society President. A geriatric psychiatrist for the Texas Research Institute of Mental Sciences (TRIMS) in Houston, Charles M. Gaitz '42 became president-elect of the Gerontological Society during its annual meeting in Louisville, Ky. in October 1975. The Society is a national organization of researchers, educators, and physicians working toward an understanding of the aging process.

Murphy Takes Two New Offices. The new president and chief operating officer of Linbeck Construction Company is Walter D. Murphy '48, Rice's newly-elected alumni governor. Evelyn Smith Murphy '43 (Mrs. Walter) served this year as first vice-president of the Association of Rice Alumni. The Murphys live in Houston.

Rice Governor-Advisor Appointed Australian Ambassador. James W. Hargrove '43, a Rice governor-advisor, was appointed this year to the position of United States Ambassador to Australia and to the neighboring island republic of Nauru by President Gerald Ford. Hargrove's long record of public service includes work as United States assistant postmaster general for finance and administration, senior assistant postmaster general, and, most recently, special supervisor and manager for a financially trou-

bled gas production firm. Hargrove and his wife, Marion Smith Hargrove '43, have four children, among them James Hargrove, Jr. '66.

Thagard Joins Eastern Transmission Board. Warren T. Thagard '34 became a director and vice-chairman of the board of Texas Eastern Transmission Corporation of Houston. A Houstonian, Thagard joined that company in 1947 as an administrative engineer.

Insurance Company Selects New Vice-President. The Life Insurance Company of North America has promoted Gordon M. Grubbs '62, head of that company's life reinsurance department, to the position of vice-president. He and his wife, Mary Kollenberg Grubbs '63, live in Wayne, Pa.

Wylie Elected to Bank Board. William E. Wylie '66, a partner in the Houston law firm of Lee, Brown, and Wylie and a member of the American Bar Association, the State Bar of Texas, and the Houston Bar Association, was elected to the board of directors of Houston State Bank.

Lawyer-Educator Heads Stanford Law School. Last summer Charles J. Meyers '49 was named Richard E. Lang Professor and dean of the Stanford Law School. Both an educator and a lawyer, Meyers is a member of the American Bar Association, the Texas Bar Association and the American Law Institute. He teaches courses at Stanford in the law of real property, natural resources, and environmental protection. In his distinguished career Meyers has served as associate general counsel of the National Water Commission and as a director of Public Advocates. The author of numerous books and articles on subjects ranging from oil and gas law to legal education, he has also served on the advisory boards of such publications as *Ecology Law Quarterly* and *Environmental Law Reporter*. Meyers assumed his new academic responsibilities at Stanford on September 1, 1976.

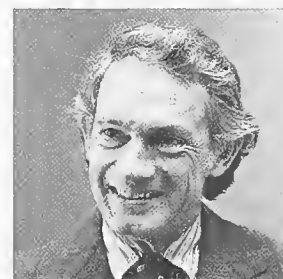
Writer Publishes Seventy-Sixth Book. Oren Arnold '23 had four books published this year, bringing the total of his published books to seventy-six. Called "the dean of western American authors" by *Writer's Digest*, Arnold has been as imaginative in his literary contributions as he has been prolific. Among his recent



Jack McGinty



Gordon M. Grubbs



William E. Wylie



Oren Arnold



Gloria McDermith Shatto



Charles Nathan

Tracy Y. Thomas and
L. Henry Gissel, Jr.

William White



Francis Girrell



Herbert Allen



William Goyen

offerings are *The Wild Centaur*, a biography of Pancho Villa; *Sun Stroke! The Wit of the West*; and *A Boundless Privilege*, an account of Arnold's own childhood on a farm in Henderson, Tex. Arnold, a former editor of the *Thresher*, and his wife, Adele Roesch Arnold '26, live in Laguna Hills, Cal. and Phoenix, Ariz.

Shatto Makes the News Twice. Gloria McDermith Shatto '54, associate dean of the College of Industrial Management and professor of economics at Georgia Institute of Technology in Atlanta, attended the American Association of University Women's convention in Seattle, Washington last summer. During her stay she was featured in a *Seattle Times* article dealing with sex discrimination in academic settings. In early 1976, she was named to the board of trustees of Mount Berry, Georgia's Berry College and Berry Academy. She is the first woman and the first educator not directly linked with the founder's family to be so honored. She and her husband, Robert, live in Decatur, Ga.

Nathan Attends Russian Seminar. Ten American scientists, selected on the bases of their expertise, status and experience in corrosion, metallurgy, and associated disciplines, attended a USA/USSR seminar in Russia last November 10-28. Among them was Charles C. Nathan '40, of Abington, Pa., a senior corrosion engineer and coordinator of New Energy Sources for BETZ Laboratories of Trevese, Pennsylvania. Nathan is presently studying corrosion problems in the petroleum, petrochemical, paper and steel industries, and is also actively researching coal conversion and geothermal and solar power.

Lumsden Named Dean of Tulane's Graduate School. Parasitologist Richard D. Lumsden Ph.D. '65 was named dean of the Tulane University Graduate School last spring. An expert on the structure of parasitic worms, Lumsden holds three positions at Tulane: professor of biology, professor in the School of Public Health and Tropical Medicine, and adjunct professor of anatomy in the School of Medicine. Lumsden's appointment coincided with another honor: his selection as president of the Southwestern Association of Parasitologists.

First Distinguished Alumnus Award Presented. On May 8, Tracy Yerkes Thomas '21, the first Rice alumnus to gain admission to the National Academy of Sciences (in April 1941), became the first recipient of the Association of Rice Alumni Distinguished Alumnus Award. Presented by the outgoing Alumni Association president, L. Henry Gissel, Jr. '58, during the Commencement Exercises, the award cited Thomas's "scholarly attainments in and original contributions to the field of pure and applied mathematics." The author of 173 scholarly articles and six books, Dr. Thomas has taught at Princeton, UCLA, and Indiana University. He was named emeritus professor of mathematics at Indiana in 1969. The Distinguished Alumnus Award, intended to recognize Rice alumni who have made extraordinary achievements in their chosen fields, was this year appropriately awarded to a man whose long and illustrious career has indeed brought honor to the school with which he shared his early years. Thomas and his wife, Virginia, live in Los Angeles, Cal.

Alumni Honor Allen. Herbert Allen '29, chairman of the Rice governors since 1972, received both the Alumni Association's Gold Medal for Distinguished Service and the Rice Engineering Alumni Outstanding Engineer Award during Rice's 1975 Homecoming General Alumni Assembly. Allen's record of service to the Rice community includes his work in helping Rice build its stadium in 1950 and in establishing the residential college system at Rice in the mid-fifties. A \$400,000 gift from Allen and his wife, Helen, in 1967 made possible the construction of the campus's Allen Center for Business Activities. Herbert and Helen Allen live in Houston.

Goyen Collection Published. *The Collected Stories of William Goyen* was published by Doubleday during the fall of 1975. William Goyen '37, writer and editor, lives today with his wife, Doris, and son, Michael, in New York City. Publication of his collected works came on the heels of the reissuance of Goyen's novel *The House of Breath* in a special 25th anniversary edition.



Financial Review

From the fiscal standpoint the year that ended June 30, 1976 was encouraging. Rice realized increases in current unrestricted funds, restricted and unrestricted endowment, in plant funds, and loan funds.

Rice's current unrestricted funds increased by \$886,000. The importance of this should not be overemphasized however. The increase resulted in part from reductions in Rice's tax liability when tax losses from prior years (primarily attributable to the Rice Hotel) were carried forward against this year's unrelated business taxable income.

During the year restricted endowment increased by almost \$5 million while unrestricted endowment grew by another \$2.5 million. Current income exceeded expectations primarily because of higher-than-anticipated investment earnings and the one-time reduction in taxes resulting from a tax loss carry-forward. However, the increase in unrestricted endowment was almost entirely the result of mandatory allocations of 27.5 percent of oil and gas revenues to the general endowment (Texas Trust Act), 10 percent of endowment income to the Reserve for Plant Improvements (charter of the University), and the voluntary allocation of 5 percent of endowment income to the Contingency Reserve (Rice policy).

The primary impact of the growth in restricted endowment was enhancement of current restricted fund programs, such as the Jones Graduate School of Administration, the funding of new endowed chairs, and the creation of additional scholarships and fellowships.

Funds for the physical plant increased by \$1.4 million and loan funds by \$700,000 during the year. Growth in the fund for the physical plant

reflects Rice's commitments to provide for renovation of older campus buildings and for alterations in the University's heating and cooling systems to improve their energy efficiency. The increase in loan funds resulted from acquisition of additional federal monies, and, by prior approval of the board, a \$300,000 transfer from the general endowment.

Financial statistics for the year are encouraging. In sum, they present a pattern of growth which needs to be maintained to offset the impact of inflation on the costs of Rice education. Accompanying graphs illustrate various cost increases faced during the past four years and illustrate growth needs.

During 1975-76 Rice spent per-average-student \$5,561. The distribution of this expenditure as well as the sources of this revenue are also illustrated here. Two facts are particularly notable: first, that private voluntary giving accounted for 13.7 percent of the revenue for educational expenses last year and, second, that the "average student" (a composite graduate/undergraduate) paid net tuition of only \$1,173, of which \$244 was in loan from the University. Manifest here are both the fulfillment of Rice's commitment to provide financial assistance to its qualified students and the role which endowment income plays in allowing Rice to keep that commitment. During 1975-76 endowment income was called upon to provide revenue to meet 58 percent of the university's educational expenses.

Here also is a point of concern, for during the past year 25 percent of the endowment income was derived from oil and gas, which income increased despite a decline in production. Unless oil and gas prices continue to rise, this income will decline as the natural resources are depleted.

In this framework, the importance of the Brown Foundation Challenge, with its great income potential, is readily apparent.

ERRATUM: Page 17, pie graph of Per Student Expenses is properly annotated General Administrative,¹ and General Institutional.²

Rice
ge

ADDENDUM: Page 17, percentages () represented in pie graph of revenues are: Endowment — net of transfers (58.7), Tuition — less aid (30.7), Gifts and Private Grants (13.7), Government Gifts and Contracts (6.5), Other (.4); in graph of Expenses they are: Instruction (27.0), Operation and Maintenance (13.5), General Administrative (11.5), Library (8.6), General Institutional (5.0), and Student Services (4.4).

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ANNOUNCEMENT: Thanks to the support of alumni and friends, Rice University has met the full terms of the Brown Foundation Challenge for 1976.

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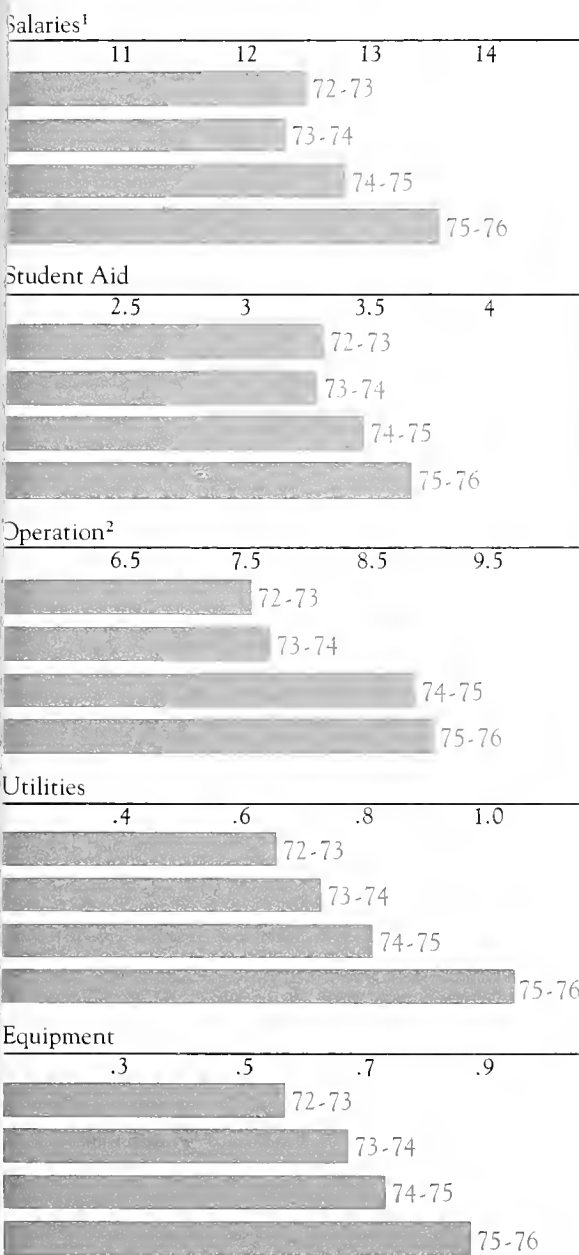
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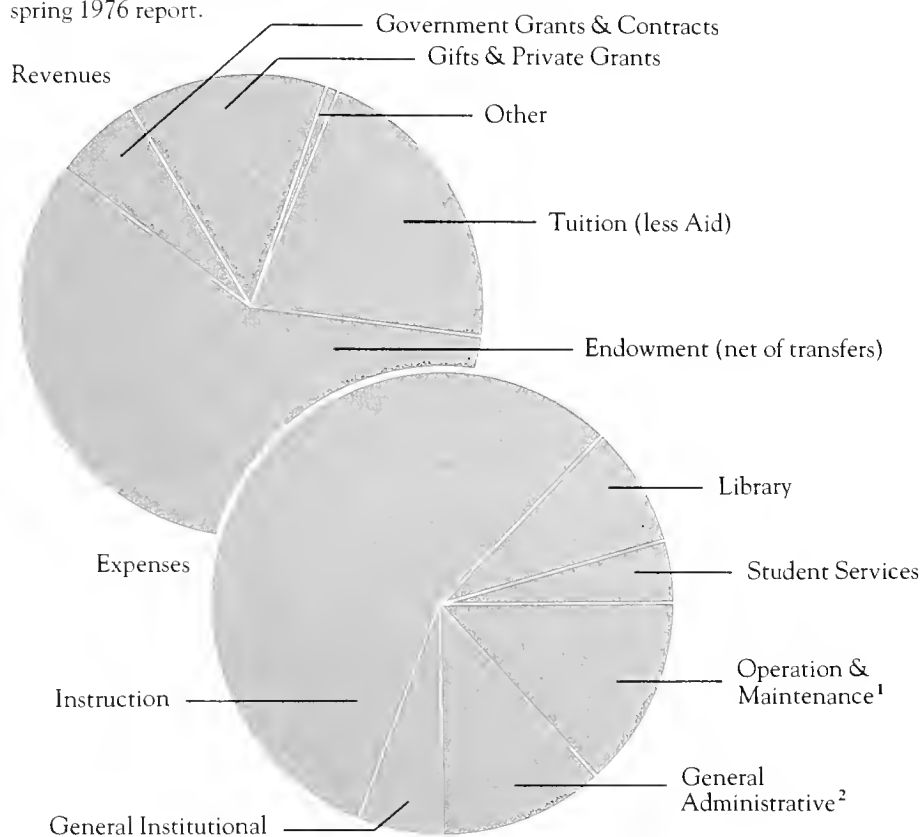
**Rising Costs in Rice Education:
Educational and General Expenses, 1973-76**
Figures in Millions



¹Excludes student salaries and stipends
²Includes payroll benefits and general operating expenditures

**Rice's Per Student Expenditure, \$5,561:
Where the Money Came From and
Where It Went.**

Based on an enrollment of 3,538 undergraduate and graduate fulltime equivalent students per the registrar's spring 1976 report.



Charged to Students

Tuition	\$ 2,300
Direct University aid per student	1,127
Net tuition	\$ 1,173
Average University loans	244
Outside sources (paid by student)	\$ 929

¹Includes expenses of the offices of the president, the vice-president and provost, the academic deans, campus business office, the treasurer's office, commencement, and insurance.

²Includes expenses of the trustees, the offices of development, information services, alumni affairs, and the campus police.

Balance Sheet — June 30, 1976, with
Comparative Totals at
June 30, 1975

(Note 1)

		Current Funds	Endowment and Similar Funds
ASSETS	Cash, Receivables, and Prepayments:		
	Cash	\$1,394,936	\$ —
	Accounts receivable	358,265	660,148
	Loans and accrued interest receivable, net of allowance of \$499,000 and \$550,000 at respective dates for loans doubtful of collection	—	—
	Prepaid expenses and deferred charges	160,129	139,400
		<u>1,913,330</u>	<u>799,548</u>
	Investments (Note 2):		
	Marketable securities, quoted market of \$211,443,000 and \$178,377,000 at respective dates	—	165,270,475
	Wholly owned corporations, at underlying equity (Note 3)	—	920,281
	Mortgage and collateral loans	—	4,348,335
	Oil and gas properties, less amortization of \$28,746,000 and \$27,435,000 at respective dates	—	665,649
	Real estate and leasehold improvements, less amortization of \$3,994,000 and \$3,772,000 at respective dates	—	7,285,179
	Undeveloped real estate and other	—	2,401,121
	Interfund investments —		
	Auxiliary and educational service facilities financed from endowment (Note 4)	—	9,771,502
	Other	7,831,009	(8,513,844)
		<u>7,831,009</u>	<u>182,148,698</u>
	Educational Plant, at cost (Note 4):		
	Land	—	—
	Buildings and improvements	—	—
	Equipment, furniture, and library books	—	—
	Construction in progress	—	—
Less — Allowance for depreciation on auxiliary and educational service facilities	—	—	
	<u>—</u>	<u>—</u>	
	Total assets	\$9,744,339	\$182,948,246
LIABILITIES AND FUND BALANCES	Liabilities:		
	Accounts payable	\$ 933,950	\$ 1,488,287
	Deferred income and deposits	1,074,754	32,324
	Deposits of collateral for securities loaned (Note 6)	—	2,981,600
	Retirement funds (Note 7)	—	1,517,886
	Commitments and contingencies (Note 9)	—	—
		<u>2,008,704</u>	<u>6,020,097</u>
	Fund Balances:		
	U.S. Government and private grants refundable	679,696	—
	University funds —		
	Restricted (Note 1)	2,133,851	50,187,601
	Reserved for commitments (\$261,331 unrestricted and \$351,248 restricted in 1976)	612,579	—
	Unrestricted	4,309,509	68,940,728
Unrestricted funds functioning as endowment	—	57,799,820	
Net investment in plant	—	—	
	<u>7,735,635</u>	<u>176,928,149</u>	
	Total fund balances	\$9,744,339	\$182,948,246

See notes to financial statements.

June 30, 1976

Plant Funds	Loan Funds	Total	June 30, 1975, Total
—	\$ 15,771	\$ 1,410,707	\$ 1,417,772
—	—	1,018,413	803,225
—	3,807,758	3,807,758	3,091,908
—	—	299,529	429,178
—	<u>3,823,529</u>	<u>6,536,407</u>	<u>5,742,083</u>
814,840	17,570	166,102,885	158,578,536
—	—	920,281	954,576
—	—	4,348,335	5,180,801
—	—	665,649	1,153,968
—	—	7,285,179	6,361,670
—	—	2,401,121	2,293,679
(9,771,502)	—	—	—
400,824	282,011	—	—
<u>(8,555,838)</u>	<u>299,581</u>	<u>181,723,450</u>	<u>174,523,230</u>
340,525	—	340,525	340,525
56,219,544	—	56,219,544	53,871,357
24,513,618	—	24,513,618	23,015,526
913,214	—	913,214	793,542
81,986,901	—	81,986,901	78,020,950
4,323,706	—	4,323,706	3,819,993
77,663,195	—	77,663,195	74,200,957
<u>\$69,107,357</u>	<u>\$4,123,110</u>	<u>\$265,923,052</u>	<u>\$254,466,270</u>
\$ —	\$ —	\$ 2,422,237	\$ 825,477
—	—	1,107,078	1,466,430
—	—	2,981,600	4,351,900
—	—	1,517,886	1,431,186
—	—	—	—
—	—	<u>8,028,801</u>	<u>8,074,993</u>
—	2,072,023	2,751,719	1,861,316
915,664	577,439	53,814,555	47,850,009
—	—	612,579	794,820
300,000	1,473,648	75,023,885	71,557,500
—	—	57,799,820	57,608,346
67,891,693	—	67,891,693	66,719,286
<u>69,107,357</u>	<u>4,123,110</u>	<u>257,894,251</u>	<u>246,391,277</u>
<u>\$69,107,357</u>	<u>\$4,123,110</u>	<u>\$265,923,052</u>	<u>\$254,466,270</u>

Statement of Changes in Fund Balances for the Year Ended June 30, 1976

(Note 1)

	Current Funds	
	Unrestricted	Restricted
Revenues and Other Additions:		
Educational and general revenues	\$22,066,050	\$1,391,560
Auxiliary enterprises revenues	5,058,624	78,72
Gifts and bequests — restricted	—	2,876,93
Grants and contracts — restricted	—	7,305,52
Investment income — restricted	—	2,048,84
Oil and gas royalties	—	—
Realized gains (losses) on investments	—	—
Distributions from wholly owned corporations (Note 3)	—	—
Distributions of income from assets held by trustees	—	—
Interest on loans receivable	—	—
U.S. Government advances	—	—
Expended for plant facilities (including \$1,629,982 charged to current funds expenditures)	—	—
Reduction of allowance for loans doubtful of collection	—	—
Total revenues and other additions	<u>27,124,674</u>	<u>13,701,57</u>
Expenditures and Other Deductions:		
Educational and general expenditures	19,083,367	10,194,24
Auxiliary enterprises expenditures	5,038,444	124,34
Indirect costs recovered	—	1,418,28
Decrease in underlying equity of wholly owned corporations (Note 3)	—	—
Refunded to grantors	—	25,92
Provision for retirement benefits (Note 7)	—	—
Loan cancellations	—	—
Administrative and collection costs	—	—
Expended for plant facilities (including noncapitalized expenditures of \$4,943)	—	—
Retirement of plant assets (Note 4)	—	—
Total expenditures and other deductions	<u>24,121,811</u>	<u>11,762,79</u>
Transfers Among Funds — Additions (Deductions):		
Mandatory	—	(5,60)
Matching grants and gifts	—	—
Provision for plant improvements (Note 8)	(1,183,106)	—
Funding of current unrestricted expenditures for equipment (Note 8)	875,670	—
Provision for contingencies (Note 8)	(591,553)	—
Unrestricted gifts and investment income allocated	(935,474)	—
Other voluntary transfers, net	(282,270)	(984,71)
Total transfers	<u>(2,116,733)</u>	<u>(990,31)</u>
Net Increase (Decrease) for the Year	886,130	948,46
Fund Balance at Beginning of Year	<u>3,684,710</u>	<u>2,216,33</u>
Fund Balance at End of Year	<u>\$4,570,840</u>	<u>\$3,164,79</u>

See notes to financial statements.

Endowment and Similar Funds			Plant Funds		
Income Restricted	Income Unrestricted	Functioning as Endowment	Unexpended	Investment in Plant	Loan Funds
—	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
3,172,772	3,695	—	41,627	48,550	58,000
—	—	—	—	—	—
612,510	—	—	54,531	—	7,820
—	1,332,055	—	—	—	—
(168,073)	272,406	245,967	—	—	—
—	874,005	—	—	—	—
—	—	—	105,030	—	—
—	—	—	—	—	119,547
—	—	—	—	—	209,189
—	—	—	—	2,276,377	—
—	—	—	—	—	51,057
<u>3,617,209</u>	<u>2,482,161</u>	<u>245,967</u>	<u>201,188</u>	<u>2,324,927</u>	<u>445,613</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	34,295	—	—	—	—
—	—	—	—	—	—
—	—	880,000	—	—	—
—	—	—	—	—	15,384
—	—	—	—	—	22,192
—	—	544,461	106,877	—	—
—	—	—	—	1,152,520	—
—	<u>34,295</u>	<u>1,424,461</u>	<u>106,877</u>	<u>1,152,520</u>	<u>37,576</u>
174,277	—	(174,277)	—	—	5,601
—	—	1,183,106	—	—	—
—	—	(875,670)	—	—	—
—	—	591,553	—	—	—
—	—	935,474	—	—	—
1,189,893	(50,000)	(290,218)	126,089	—	291,218
<u>1,364,170</u>	<u>(50,000)</u>	<u>1,369,968</u>	<u>126,089</u>	<u>—</u>	<u>296,819</u>
4,981,379	2,397,866	191,474	220,400	1,172,407	704,856
45,206,222	66,542,862	57,608,346	995,264	66,719,286	3,418,254
<u>\$50,187,601</u>	<u>\$68,940,728</u>	<u>\$57,799,820</u>	<u>\$1,215,664</u>	<u>\$67,891,693</u>	<u>\$4,123,110</u>

Statement of Current Funds Revenues, Expenditures and Other Changes for the Year Ended June 30, 1976, with Comparative Totals for 1975

(Note 1)

	Year Ended June 30, 1976			Year Ended
	Unrestricted	Restricted	Total	June 30, 1975 Total
Revenues:				
Educational and general —				
Student tuition and fees	\$ 7,605,311	\$ 223,767	\$ 7,829,078	\$ 7,005,896
Government grants and contracts	1,298,519	4,454,716	5,753,235	5,777,056
Gifts and private grants (Note 5)	1,256,194	2,522,294	3,778,488	3,084,833
Endowment income (Note 2)	11,831,061	2,048,842	13,879,903	13,363,927
Sales and services of educational and service departments	61,343	960,628	1,021,971	803,163
Other sources	13,622	39,129	52,751	78,212
Total educational and general	<u>22,066,050</u>	<u>10,249,376</u>	<u>32,315,426</u>	<u>30,113,087</u>
Auxiliary enterprises	5,058,624	69,215	5,127,839	4,679,759
Total revenues	<u>27,124,674</u>	<u>10,318,591</u>	<u>37,443,265</u>	<u>34,792,846</u>
Expenditures and Mandatory Transfers:				
Educational and general —				
Instruction and departmental research	7,967,263	3,255,046	11,222,309	10,186,486
Sponsored research	—	4,708,050	4,708,050	4,712,777
Other sponsored programs	—	1,215,367	1,215,367	1,297,680
Library	1,551,279	133,997	1,685,276	1,533,915
Student services	777,529	80,861	858,390	728,281
Operation and maintenance of plant	2,387,981	270,917	2,658,898	1,847,430
General administration	2,228,700	32,259	2,260,959	2,339,740
General institutional	977,361	11,582	988,943	710,940
Student aid	3,193,254	486,167	3,679,421	3,500,539
Educational and general expenditures	<u>19,083,367</u>	<u>10,194,246</u>	<u>29,277,613</u>	<u>26,857,788</u>
Mandatory transfers for —				
Provision for plant improvements (Note 8)	1,183,106	—	1,183,106	1,135,418
Loan fund matching grant	—	5,601	5,601	10,410
Total educational and general	<u>20,266,473</u>	<u>10,199,847</u>	<u>30,466,320</u>	<u>28,003,616</u>
Auxiliary enterprises	5,038,444	124,345	5,162,789	4,826,430
Total expenditures and mandatory transfers	<u>25,304,917</u>	<u>10,324,192</u>	<u>35,629,109</u>	<u>32,830,046</u>
Other Transfers and Additions (Deductions):				
Excess of restricted receipts over transfers to revenues	—	1,964,703	1,964,703	22,321
Refunded to grantors	—	(25,928)	(25,928)	(29,310)
Funding of current unrestricted expenditures for equipment (Note 8)	875,670	—	875,670	729,163
Unrestricted gifts and investment income allocated	(935,474)	—	(935,474)	(108,145)
Provision for contingencies (Note 8)	(591,553)	—	(591,553)	(567,709)
Other voluntary transfers, net	(282,270)	(984,712)	(1,266,982)	198,244
Net increase in fund balances	<u>\$ 886,130</u>	<u>\$ 948,462</u>	<u>\$ 1,834,592</u>	<u>\$ 2,207,364</u>

See notes to financial statements.

Notes to Financial Statements

June 30, 1976

1) Summary of significant accounting policies — Basis of accounting —

The financial statements of William Marsh Rice University have been prepared substantially on the accrual basis of accounting except for depreciation accounting explained in Note 4 below. To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures. To the extent these expenditures are funded from the reserve for plant improvements (Note 8), such amount is transferred from endowment and similar funds. The statement of current funds, revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Fund accounting —

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the university are maintained in accordance with the principles of "fund accounting." Fund accounting is a procedure by which resources are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Although separate accounts are maintained for each fund, funds that have similar characteristics have been combined into fund groups and all financial transactions have been reported by those fund groups in the accompanying financial statements.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of William Marsh Rice University's Board of Governors. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds.

Gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and other assets is accounted for in the fund owning such assets, except for income derived from investments owned by endowment funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds. Restricted current funds receipts are reported as revenues and expenditures when expended.

Current funds

The unrestricted current fund is used to account for those transactions related to the university's operating budget as approved by the Board of Governors.

The restricted current fund is used to account for funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended, and is also used to account for resources which have been designated for specific purposes by the university administration. The restricted

current fund balance includes approximately \$639,000 at June 30, 1976, and \$669,000 at June 30, 1975, of administratively designated funds. Receipts and expenditures of such funds during 1976 included in the statement of changes in fund balances and the statement of current funds revenues, expenditures, and other changes, were approximately \$1,500,000.

Endowment and similar funds —

Endowment funds are generally subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be expended. While funds functioning as endowment have been established by the Board of Governors for the same purposes as endowment funds, any portion of funds functioning as endowment may be expended at the discretion of the Board of Governors.

Income restricted endowment funds generally represent gifts and bequests received by the university for which the donors have stipulated that the principal is to be maintained inviolate and income resulting from investment of the funds may be expended for specified purposes. To the extent that programs have not been established for the specified purposes, or if the investment income exceeds the program expenditures, such income is added to the endowment fund balances. In addition, certain funds which are expendable but restricted by donors as to the specific purpose for which they may be expended have been designated by the Board of Governors to function as income restricted endowment funds. The income accumulated, together with funds designated to function as income restricted endowment funds, included in the income restricted endowment fund balance at June 30, 1976, is approximately \$7,857,000. This portion of the funds may be expended, at the discretion of the Board of Governors, to fulfill the funds' restricted purposes.

Other endowment funds consist of income unrestricted endowment funds, including the founder's endowment, and funds functioning as endowment. Income unrestricted funds represent gifts and grants together with allocated realized capital gains and losses that are maintained inviolate. Income earned by investment of these funds may be expended for unrestricted operations.

Loan funds —

Loan funds include gifts and grants which are limited by donors to the purpose of making loans to students or faculty and funds of the university which have been designated by the Board of Governors as loan funds. Also included in these funds is the National Direct Student Loan Program financed primarily by the Federal government and administered by the university.

Plant funds —

Plant funds consist of the total invested in the educational plant together with unexpended gifts, grants, and reserves which are held for acquisition, replacement, or construction of physical properties.

(2) Investments —

Investments are recorded at cost at date of acquisition or fair market value at date of donation in the case of gifts, except for investments in wholly owned corporations

(Note 3) and certain donated interests in undeveloped real estate which are recorded at a nominal value plus costs incurred for taxes and maintenance (approximately \$124,000 in 1976 and \$121,000 in 1975) subsequent to the date of acquisition.

Premiums or discounts applicable to nonconvertible bonds are amortized over the life of the bonds. Realized gains and losses on the sale of marketable securities are determined by the average cost method.

Most income restricted endowment funds participate in a common pool which is operated on a market value basis. Those income restricted funds which by the terms of the gift do not permit participation in such a pool are maintained on a separate investment basis.

Other endowment funds, together with interfund investment amounts of other funds, are commingled for investment purposes in the general investment pool. Interfund investments do not share in the general investment pool's gains and losses but are allowed interest.

Income from investments in marketable securities as a per cent of total investments in marketable securities and net gain on sales is as follows:

	Total Investments in Marketable Securities at June 30 (In 000's)		Yield on Cost	Yield on Market	Realized Gain on Sales (In 000's)
	Cost	Market			
1976	\$166,103	\$211,443	5.3%	4.2%	\$302
1975	\$158,579	\$178,377	5.7%	5.0%	\$477

Portions of investment income from oil and gas properties and improved real estate held for investment are retained in the endowment funds for the purpose of asset recovery. The portion of real estate investment income retained in the endowment funds is approximately equal to that percentage of net receipts which will recover the cost of improvements over their estimated lives. A corresponding amount is recorded as amortization of real estate and real estate improvements in the endowment funds until the cost of the improvements has been fully recovered. Real estate investment income not retained in the endowment funds is recognized as endowment income in the current funds as described in Note 1.

Of the investment income from oil and gas properties, 27½ percent of the net receipts from properties acquired prior to July 1, 1972, and receipts in excess of an 8 per cent annual rate of return on the unamortized cost of properties acquired subsequent to July 1, 1972, are retained in the endowment funds. Corresponding amounts are recorded as amortization of the separate property groups (properties acquired prior to July 1, 1972, and properties acquired after that date) until the property groups have been fully amortized, at which time 27½ per cent of the net receipts from the properties continues to be retained in the endowment funds. Net receipts not retained in the endowment funds (\$3,531,528 in 1976 and \$3,260,229 in 1975) are recognized as endowment income in the current funds.

(3) Investments in wholly owned corporations —

The financial statements include all assets, liabilities, and fund balances of the university except certain separately incorporated but related entities for which the university is fiscally responsible. These corporations are included in the endowment and similar funds balance sheet at underlying equity. In the accompanying statement of changes in fund balances, distributions to the current funds are included in educational and general revenues. Condensed financial statements of these corporations follow:

CONDENSED STATEMENT OF FINANCIAL POSITION
JUNE 30, 1976 AND 1975

	1976	1975
Gas production payments	\$20,434,258	\$15,754,457
Marketable securities, quoted market of \$466,541 and \$433,070 at respective dates	503,532	496,518
Real estate and other assets, at cost or fair market value at date of donation	505,222	625,556
Total assets	<u>21,443,012</u>	<u>16,876,531</u>
Long-term debt, secured by gas production payments	20,434,258	15,754,457
Other liabilities	88,473	167,498
Total liabilities	<u>20,522,731</u>	<u>15,921,955</u>
Investment in wholly owned corporations, at underlying equity as included in the accompanying balance sheet	\$ <u>920,281</u>	\$ <u>954,576</u>

CONDENSED RESULTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 1976 AND 1975

	1976	1975
Revenues	\$ 3,046,456	\$ 2,672,705
Expenses	<u>2,112,704</u>	<u>2,095,531</u>
Income before distributions to the university	<u>933,752</u>	<u>577,174</u>
Distributions —		
To current unrestricted revenues	94,042	73,501
To unrestricted endowment	<u>874,005</u>	<u>481,237</u>
	<u>968,047</u>	<u>554,738</u>
Increase (decrease) in underlying equity of wholly owned corporations as included in the accompanying statement of changes in fund balances	\$ <u>(34,295)</u>	\$ <u>22,436</u>

(4) Educational plant —

The educational plant is stated at cost. No provision is made for depreciation of educational buildings and equipment. Six and two-thirds percent of capitalized equipment is charged off (retired) each year.

Depreciation charges (\$504,000 and \$394,000 in 1976 and 1975, respectively) have been made to educational service and auxiliary operations for recovery of the cost of facilities used in these operations and which are not financed by gifts and grants. These charges are based sub-

stantially on estimated useful lives and are intended to reimburse endowment funds for amounts advanced to fund auxiliary and educational service facilities. In addition, interest (\$359,000 and \$293,000 in 1976 and 1975, respectively) at rates ranging from 4 to 12 percent on the unreimbursed amounts advanced has been charged to educational service and auxiliary operations and is included in endowment income.

(5) Gifts —

Gifts of \$585,360 received during the year for unrestricted operations have been deferred for use during the 1976-1977 academic year. Gifts of \$487,103 received during the prior academic year are included in current unrestricted revenues. Other than those gifts deferred, gifts are included in revenues or added to the appropriate fund balances only when received, and, accordingly, pledges or assets held by trustees will be recorded as gifts when received.

Pledges outstanding, which are not recorded in the accompanying financial statements, are as follows:

	June 30	
	1976	1975
Current funds —		
Unrestricted	\$ 120,000	\$ 176,000
Restricted	<u>1,232,000</u>	<u>1,042,000</u>
Total current funds	1,352,000	1,218,000
Plant and endowment funds	<u>5,685,000</u>	<u>6,242,000</u>
Total pledges	<u>\$7,037,000</u>	<u>\$7,460,000</u>

Assets having a market value of approximately \$3,900,000, consisting of marketable securities, mortgage loans, and real estate were held by trustees at June 30, 1976, pending distribution to the university from estates and are not recorded in the accompanying financial statements.

(6) Deposits of collateral for securities loaned —

The University received \$2,981,600 as collateral deposits for certain securities temporarily loaned to brokers. As of June 30, 1976, the securities on loan amounted to \$2,800,399 at cost (market \$2,980,726) and the collateral deposits were invested in short-term paper.

(7) Retirement plans —

During 1976, the university completed revision of its policies relating to administration of its retirement plans to comply with the provisions of the Pension Reform Act of 1974. Substantially all employees are eligible to participate in the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) Retirement Plan for Faculty and Staff (a defined contribution plan). After amendment to the plan in 1976, all benefits are vested and are administered by TIAA-CREF. Pension costs, including cost of past service benefits and a projected amount for certain minimum benefits totaled \$1,070,000 in 1976 and \$974,000 in 1975 and were recorded as current funds expenditures.

Effective July 1, 1976, the university adopted the TIAA Direct Payment Group Annuity Plan which provides for the administration by TIAA of all minimum retirement benefits and all past service benefits for eligible employees of the university and benefits accumulated for retired employees under a predecessor plan. During 1976, the Board of Governors designated \$880,000 of funds functioning as endowment to be added to the retirement funds in order to recognize the actuarially computed net present value of these benefits. These funds are payable to TIAA in nine annual installments subject to actuarial revaluation based on actual experience and funding by TIAA.

(8) Provisions for plant improvements and contingencies —

Transfers equal to 5 percent of unrestricted endowment income, as a provision for contingencies, and 10 per-

cent, as a provision for plant improvements, have been made from current unrestricted funds to funds functioning as endowment. Current unrestricted expenditures for equipment (\$875,670 in 1976) and certain other plant additions (\$544,461 in 1976) are funded by a charge against the reserve for plant improvements.

Balances of funds functioning as endowment reserved for contingencies and reserved for plant improvements were \$2,071,229 and \$548,423, respectively, at June 30, 1976.

(9) Commitments and contingencies —

The Internal Revenue Service has reviewed certain of the university's tax returns covering the periods ended June 30, 1971 through 1974, and has assessed additional taxes on certain items which it deems to be "unrelated business income." The amount of additional taxes assessed together with estimated interest thereon to June 30, 1976, is \$1,120,462. The university is contesting this assessment in its entirety and is awaiting a determination from the Internal Revenue Service District Director. Should the assessment ultimately be upheld, the university would also be liable for additional taxes on "unrelated business income" for periods subsequent to June 30, 1974. Such additional taxes for the two years ended June 30, 1976, if assessed, would not materially affect the financial position of the university.

There are several suits and claims pending against the university, the effect of which cannot be estimated at this time; however, legal counsel for the university believe that the ultimate liability, if any, will not be material to the university's financial position.

The university was committed under contracts at June 30, 1976, for capital improvements of approximately \$1,200,000 to be financed primarily from funds functioning as endowment.

AUDITORS' REPORT

To the Board of Governors,
William Marsh Rice University:

We have examined the balance sheet of William Marsh Rice University (a nonprofit Texas corporation) as of June 30, 1976, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of William Marsh Rice University as of June 30, 1976, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO

Houston, Texas
October 11, 1976



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